NOTES

- A cooperative unit or unit in a mutual housing project (if state law recognizes these as forms of homeownership); or
- A manufactured home, including a mobile home.

- If HOME funds are used to assist the rental units in a two- to-four-unit property, the HOME rental requirements apply -- including provisions regarding tenant occupancy, initial rent levels and long-term affordability.

- If HOME funds are used to rehabilitate only the owner-occupied unit in a two- to-four-unit property, the rental housing rules do not apply.

Example: A four-unit owner-occupied property is being rehabilitated. HOME funds are used to upgrade the owner's unit, but CDBG funds are used to upgrade the other units. Therefore, the HOME rental housing rules do not apply.

Maximum Property Value

- To use HOME funds, the value of the HOME assisted property ***after rehabilitation*** must not exceed 95 percent of the median purchase price for the area, as published by HUD, or, in accordance with the Final Rule, as determined locally through market analysis.

- **Determining after-rehabilitation value**: To establish project eligibility, after-rehabilitation value must be established prior to any work being performed. The after-rehabilitation value may be established by one or more of the following methods:

  - Estimates of value: Estimates of value by the PJ or subrecipient may be used. Project files must contain the estimate of value and document the basis for the value estimates.

  - Appraisals: Appraisals, whether prepared by a licensed fee appraiser or by a staff appraiser of the PJ, may be used. Project files must document the appraised value and the appraisal approach used.

  - Tax assessments: Tax assessments for a comparable property located in the same neighborhood may be used to establish the after-rehabilitation value ***if*** the assessment is current and accurately reflects market value ***after*** rehabilitation.